



## First Quarter 2005 Results

Santiago, Chile – April 19, 2005 – Empresa Nacional de Telecomunicaciones S.A. (*Bolsa de Comercio de Santiago: ENTEL*) “the Company” or “Entel” today announced its results for the first quarter ended March 31, 2005. All figures are expressed in Chilean Pesos and are reported according to Chilean generally accepted accounting principles (Chilean GAAP). The exchange rate at March 31, 2005 was Ch\$585.93/US\$ 1.

### Highlights:

- Revenues for the quarter reached Ch\$ 181.0 billion, an increase of 4% compared to the same quarter of 2004.
- EBITDA for the quarter reached Ch\$ 63.724 million, an increase of 8% compared to 1Q04. Net income reached Ch\$ 19.034 million, an increase of 31% compared to 1Q04.
- Number of mobile subscribers increased 24%, reaching 3,395,019.

### Consolidated Financial Highlights

in millions of Chilean pesos as of March 31, 2005  
(except EPS figures)

	1Q05	1Q04	% Var.	4Q04
Revenues	181,004	173,877	4%	169,891
Operating Income (EBIT)	28,076	25,904	8%	27,810
EBITDA	63,724	59,000	8%	63,775
Net Income	19,034	14,525	31%	19,571
EPS	80.5	61.4	31%	82.7

### IR Contacts

#### In Santiago, Chile

Ivan Contreras Nogueira  
Investor Relations Officer

Tomás Vial Valdés  
Investor Relations

Entel S.A.

Tel: (562) 360-3641/3218

[incontreras@entel.cl](mailto:incontreras@entel.cl)

[tvial@entel.cl](mailto:tvial@entel.cl)

#### In New York

María Barona  
Peter Majeski

i-advize Corporate Communications

Tel: (212) 406-3691

[entel@i-advize.com](mailto:entel@i-advize.com)

### Comments from the Chief Financial Officer:

- The mobile business drove the growth in revenues and operating results, fueled by a 24% growth in the customer base, with higher margins from service revenues.
- An improved performance in the international subsidiaries, mainly in Americatel USA, contributed to increase profits. On the other hand, mature business areas, related to domestic long distance service in Chile, continued under market pressure.
- Net income during 1Q05 increased 31% derived from higher operating income coupled with lower non-operating losses. The latter was a result of lower net financial expenses due to a reduction in net financial debt as well as a one time profit in connection with the sale of a minority stake of Intelsat shares.
- Net cash generation continued at high levels, contributing to further reductions in net financial debt. As of March 2005, net financial debt decreased to Ch\$263.6 billion, 30% lower compared to March 2004.

**Note:** Please see accompanying presentation at [www.entel.cl](http://www.entel.cl), under the section titled “Investors” for additional information.

**Entel S.A.**  
**First Quarter 2005 Results**

This document contains certain "forward-looking statements" which are based on management's expectations as well as on a number of assumptions concerning future events resulting from currently available information. Readers are cautioned not to put undue reliance on such forward-looking statements, which are not a guarantee of performance and are subject to a number of uncertainties and other factors, many of which are out of Entel's control, which could cause actual results to materially differ from such statements.

**Consolidated Revenues**  
(in millions of Chilean Pesos as of March 31, 2005)

	1Q05	1Q04	% Var.	4Q04
<b>Net Revenues</b>	<b>181,004</b>	<b>173,877</b>	<b>4%</b>	<b>169,891</b>
Mobile services	102,428	84,214	22%	98,324
Domestic long distance	8,493	12,184	-30%	8,124
International long distance	4,632	5,429	-15%	4,490
Internet	5,659	5,601	1%	6,261
Data services	10,048	10,286	-2%	11,760
Other telecommunication companies	2,560	2,666	-4%	2,043
Traffic business	11,005	11,615	-5%	11,444
International subsidiaries	27,615	32,389	-15%	18,230
Local telephony	6,433	6,697	-4%	7,204
Others	2,132	2,796	-24%	2,011

**Consolidated revenues** during 1Q05 reached Ch\$ 181.0 billion, compared to the Ch\$ 173.9 billion reported during the same quarter of the previous year. This increase was attributed to: a) a 22% growth in mobile services due to both, higher service and higher equipment sales revenues, increasing 16% and 55%, respectively. The increase in service revenues is explained by a 23% expansion in the average mobile customer base, which was partially offset by a 5% decrease in ARPU, mainly in the pre-paid segment, b) a 1% increase in Internet revenues due to a 34% growth in broadband customer base, an impact almost completely offset by lower revenues from dial-up traffic.

The factors that partially offset these increases were: a) a 15% reduction in international subsidiaries revenues mainly explained by lower traffic in Americatel USA , while revenues grew 10% in Americatel Peru and 9% in Central America, b) a 30% decline in domestic long distance revenues, mainly explained by a 22% decrease in traffic, and a 10% decrease in average tariffs, c) a 15% decrease in international long distance revenues due to a 9% decrease in traffic as well as 4% decrease in average tariffs.

**Consolidated Cost of Operations**  
(in millions of Chilean Pesos as of March 31, 2005)

	1Q05	1Q04	% Var.	4Q04
<b>Cost of Operations</b>	<b>101,315</b>	<b>97,207</b>	<b>4%</b>	<b>92,325</b>
Access charges	30,755	26,559	16%	27,087
Payments to correspondents	15,543	17,123	-9%	14,203
Depreciation and amortization	24,058	23,938	1%	23,533
Salaries and expenses	3,255	3,649	-11%	3,468
Outsourced services	3,530	5,037	-30%	2,702
Others	24,174	20,901	16%	21,331

**Consolidated cost of operations** reached Ch\$ 101.3 billion in the first quarter 2005, 4% higher compared to the same quarter of 2004. This increase was due to: a) 16% higher access charges, primarily in the mobile business as a result of increases in traffic and to a lesser extent in Americatel Peru explained by growth in wholesale traffic, b) a 16% increase in others, mainly explained by maintenance and material costs in the mobile business and in the parent company. Partially offsetting these increases were, a) a 9% decrease in payments to correspondents, in line with lower ILD traffic in Chile, Americatel USA and in Americatel Central America, b) a 30% decrease in outsourcing, mainly in Americatel USA due to lower traffic and call center activities, c) a 11% lower salaries and expenses, primarily in the mature business areas in Chile as well as in Americatel USA in line with cost contention plans.

**Consolidated Selling and Administrative Expenses**

(in millions of Chilean Pesos as of March 31, 2005)

	1Q05	1Q04	% Var.	4Q04
<b>Selling and administrative expenses</b>	<b>51,613</b>	<b>50,765</b>	<b>2%</b>	<b>49,757</b>
Salaries and expenses	13,248	13,271	0%	12,616
Advertising costs	6,270	6,940	-10%	5,958
Amortization of prepaid equipment	5,521	2,992	85%	4,798
Bad debt provisions	5,984	6,743	-11%	7,325
Outsourced services	1,034	1,596	-35%	1,594
Depreciation and amortization	5,752	5,825	-1%	5,959
Others	13,805	13,399	3%	11,508

**Consolidated selling and administrative expenses** increased 2% compared to the first quarter of 2004 reaching Ch\$ 51.6 billion due to: a) higher amortization of pre-paid equipment, in line with increased equipment sales in the mobile business, which grew 51% in the 12 month period ended 1Q05 compared to same period for 1Q04. Almost completely offsetting this increase were, a) an 11% decrease in bad debt provision, in relation with traffic business, b) a 10% decrease in advertising costs explained by reduced industry activity within the Hispanic market related to Americatel USA, c) a 35% decrease in outsourcing services mainly in Peru and Americatel USA.

**Operating Income and EBITDA**

As a result of all the above, operating income increased 8% in the first quarter 2005 to Ch\$ 28.1 billion, compared to the Ch\$ 25.9 billion reported during the same period of 2004. EBITDA increased 8% to Ch\$ 63.7 billion during the quarter compared to Ch\$ 59.0 billion for the same quarter of 2004. The EBITDA margin during 1Q05 increased to 35% from the 34% in the 1Q04.

**Entel S.A.**  
**First Quarter 2005 Results**

**Non-Operating Results**

During the first quarter of 2005, the Company's non-operating loss was Ch\$ 4.0 billion, 48% lower than the figure reported in the first quarter of 2004. This was a result of higher non-operating income derived from the sale of a minority stake in the Intelsat Satellite consortium, in addition to a 27% decrease in net interest expenses due to lower net financial debt.

**Net Income**

Net income for the quarter reached Ch\$ 19.0 billion, an increase of 31% compared to the Ch\$ 14.5 billion reported in the first quarter of 2004.

**INDIVIDUAL FINANCIAL STATEMENTS AND RESULTS BY BUSINESS SEGMENT**

**Mobile Business**

First quarter revenues increased 20% reaching Ch\$ 102.1 billion, compared to Ch\$ 85.3 billion in the first quarter of 2004. Service revenues grew 16% (from which value-added services grew 70%) and sales of equipment increased 55%.

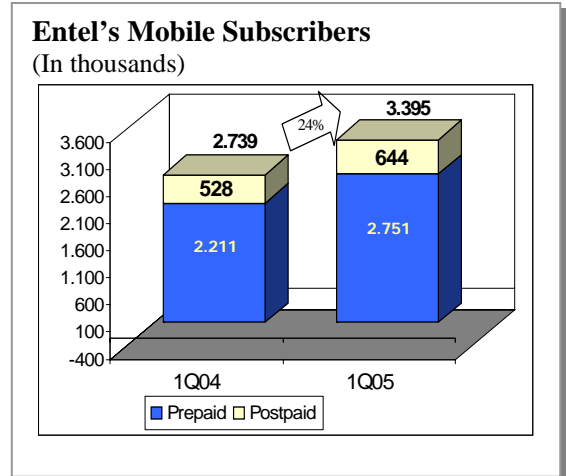
The number of average mobile phones customers increased 23% compared to the first quarter of 2004, reaching a total subscriber number of 3,395,019 as of March 2005, with a 39% market share. Pre-paid customers represent 81% of the total base.

ARPU<sup>1</sup> decreased 5% during the first quarter of 2005 compared to the same period of last year. This reduction occurred mainly in the pre-paid segment, due to lower revenues from incoming traffic. During part of 1Q04, interconnection rates were 26% higher. ARPU's in the post-paid segment remained flat.

MOU<sup>2</sup> decreased 3% compared to 1Q04, mainly as a result of a reduction in the pre-paid segment, partially offset by a slight increase in the post-paid segment due to higher outgoing traffic. Churn rate decreased from 1.95% to 1.41% in 1Q05. This was a consequence of reductions in both, the pre-paid and the post-paid segment, reflecting brand and service preference, efficient segmentation and retention strategies coupled with top quality performance of the network.

During the quarter, Entel PCS launched a new telephone, the Owasys 22C, specifically designed for blind people and the first of its kind in the Chilean market. Entel and Warner Music signed an agreement that will permit users to replace the ring-tones. With the new Real-Tones, the handsets will also be able to download and store music. Also, a new pre-paid program entitled "Roaming Now" was launched with multimedia capacity. This program allows clients to send and receive text and multimedia messages with photos, audio and text during trips.

Operating income for the quarter was Ch\$ 25.7 billion, up 27% compared to the Ch\$ 20.3 billion reported the same period of the previous year. The 27% growth is explained by a 16% increase in service revenues which boosted direct margins in both, the pre-paid and post-paid segments. Partially offsetting this growth were higher SG&A expenses, mainly in amortization of pre-paid handsets, salaries and other acquisition costs. EBITDA increased 28%, reaching Ch\$ 44.8 billion compared to the Ch\$ 35.1 billion reported in the same quarter of 2004. The EBITDA margin was 44% during 1Q05, compared to the 41% reported during 1Q04 reflecting the impact of the 24% higher customer base.



<sup>1</sup> Average Revenue Per User

<sup>2</sup> Minutes of Usage

[Chile Wireline:](#)

**Entel S.A. (Parent Company)**

ENTEL parent company revenues (comprised of long distance business, Internet, data services and traffic business) reached Ch\$ 56.1 billion during the first quarter; down 8% versus the Ch\$ 60.8 billion reported the same quarter of 2004. The decline was driven by: a) a 29% decrease in domestic long distance revenues explained by a 22% decline in traffic and 10% lower average tariffs, b) a 10% decrease in data services, mainly in low-speed services (TDM, Frame Relay and IBS) partially offset by higher revenues related to MPLS IP protocol network, IT and operational support services, c) a 8% reduction in business traffic revenues due to lower wholesales traffic, d) a 15% decrease in international long distance revenues due to lower traffic and average tariffs, by 9% and 4% respectively. Main declines in traffic occurred in direct dialling services. Partially offsetting these decreases was a 14% growth in revenues from leased capacity to other telecom operators.

Cost of operations and SG&A increased 2%, to Ch\$ 40.6 billion compared to the Ch\$ 39.8 billion reported in 1Q04. Main increases were in outsourcing, leased network capacity to cover higher services to other telecom companies and advertising costs. Partially offsetting these, were lower bad debt provision, payment to correspondents and access charges due to lower traffic.

As a result of the abovementioned factors, operating income decreased 64% reaching Ch\$ 2.6 billion in 1Q05 compared to Ch\$ 7.1 billion in 1Q04. EBITDA decreased 26% reaching Ch\$15.7 billion during 1Q05, while the EBITDA margin reached 28% in the first quarter of 2005, lower than the 35% obtained during the same period of 2004.

**Entel Phone (Local Telephony + WiLL)**

Entelphone revenues (including WLL) decrease 5% to Ch\$ 9.0 billion during the first quarter of 2005, from Ch\$ 9.5 billion in 1Q04, due to a decrease in fixed lines and WiLL revenues. Partially offsetting these decreases were higher revenues from Calling Party Pays – CPP to mobile and bundling services (local plus internet).

Entelphone reported an operating loss of Ch\$ 1.3 billion during 1Q05, compared to a loss of Ch\$ 0.6 billion reported in the same quarter of the previous year. This decrease was primarily attributable to lower operational margins. EBITDA decreased 10%, primarily in WiLL, reaching Ch\$2.1 billion during 1Q05, while the EBITDA margin reached 23% in the first quarter of 2005, lower than the 24% obtained during the same period of 2004.

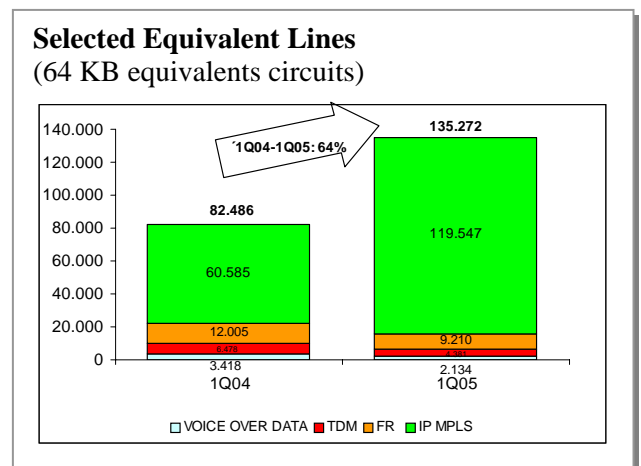
The following section briefly discusses the results of the main business segments, which comprise the Chile Wireline:

- Data Services**

Selected equivalent lines continue growing in MPLS / IP Protocol as result of migration to new generation technologies (NGN).

The Company is expanding its offerings to the integration of services (IT and business process outsourcing) in the corporate segment. With this, Entel is focused on becoming a relevant player in this segment and to increase usage of new generation technology networks (NGN) such as MPLS IP Protocol.

Entel offers bundling of complementary services such as Call Center, Data Center, Market Place and Lan/Wan network, to increase efficiency for its clients.



**Entel S.A.**  
**First Quarter 2005 Results**

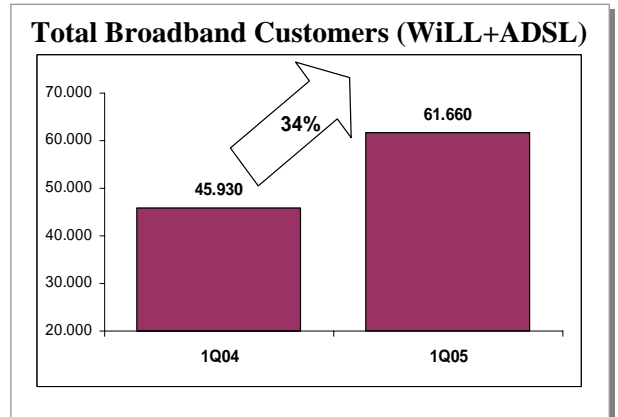
During 1Q05, Entel signed important contracts with the Chilean Treasury Department to provide network services and operational continuance, the Chilean Public Penal Defense with network services and nationwide videoconference support, as well as the Investigation Police Department for providing a nationwide digital identification system and with one of the largest Chilean collection -agencies, among others.

- Internet**

The number of Entel's broadband customers (WiLL and ADSL) continue to grow, increasing 34% in the first quarter of 2005 compared with the same quarter of previous year, reaching 61,658 customers with 15.728 net adds during the period. The Company is participating in the high growth of the market through a selective growth using a combination of ADSL over Entelphone network, WiLL and unbundling of third party networks.

Entel launched a promotional campaign where new broadband clients have a 50% discount on fixed charges. Also, since March Entel offered, the "Double Dial-Up Internet Plan" aimed at light users, whereby they obtain double the amount of minutes when they connect at night.

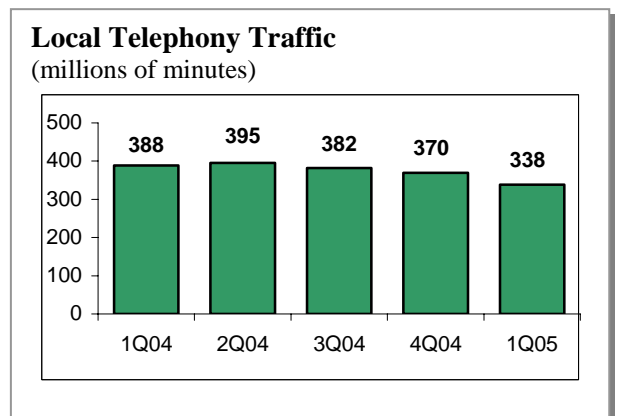
Internet dial-up connections reached 100.0 thousand as of the end of March 2005, declining from 139.7 thousand connections in March 2004. This is a result of industry changes, where clients are migrating from dial up to broadband services.



- Local Telephony**

Entel lines in service (excluding WiLL lines) reached 100 thousand during the first quarter of 2005, decreasing 3% compared to the same period of last year, mainly from the disconnection of unprofitable lines in the residential segment and small size companies.

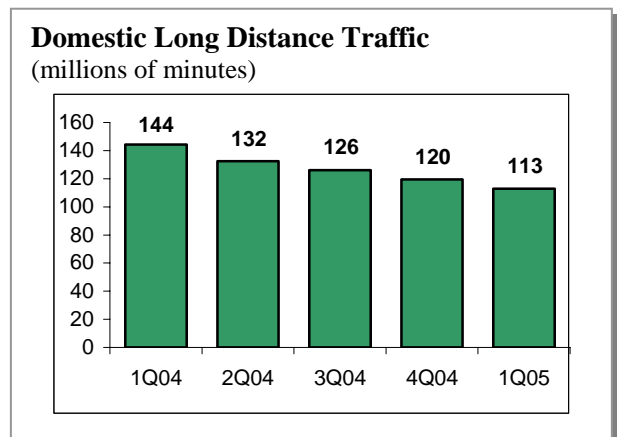
The number of corporate and business clients represents 83% of the total number of billed lines.



- Long Distance**

Domestic long distance (DLD) traffic decreased 22% while average tariffs decreased 10% during the period. The substitution effect from the higher usage of mobile phones continues affecting traffic. The main decreases were in direct dialing and calling card traffic. Average price declined, primarily as a consequence of a change in the revenue mix.

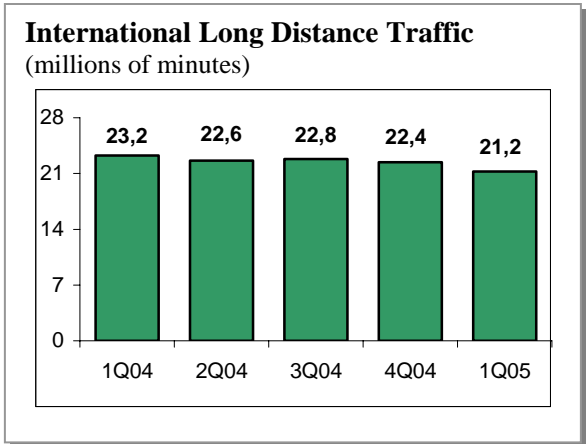
International long distance (ILD) traffic decreased 9% mainly in international direct dialing traffic. Overall average tariffs decreased 4% mainly in value-added services.



**Entel S.A.**  
**First Quarter 2005 Results**

Entel's DLD market share continues to be one of the highest in the industry, remaining at an average of approximately 34% in 1Q05. In ILD, Entel remains the leader with a 41% market share.

During the quarter, ENTEL continuously promoted different value-added services, loyalty programs, spot marketing promotions and its 1-2-3 code usage in order to maintain its market leadership position.



International Wireline:

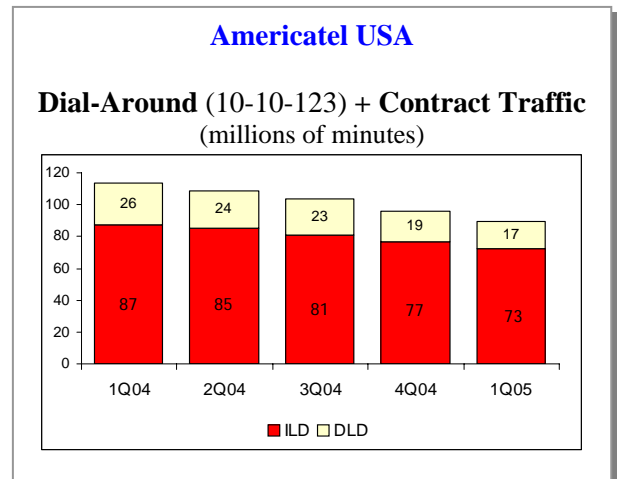
*Americatel (International Subsidiaries)*

**USA**

Revenues from Americatel USA reached US\$ 32.1 million, down 19% from US\$ 39.5 million in the first quarter of 2004. This was mainly due to lower revenues in long distance dial-around 10-10-123 code explained by a decrease in domestic and international traffic, partially offset by higher average tariffs in both segments. Also revenues of pre-paid cards declined 91%, as a consequence of the Company's decision to discontinue services in unprofitable areas. Revenues in contract LD services had a 3% decline due to lower DLD traffic.

Cost of operations and SG&A expenses were US\$32.1 million, a decreased of 21% compared with the first quarter of 2004, explained by lower outsourcing, correspondent payments and lower access charges following the lower traffic, together with lower salaries, advertising and other general expenses.

Operating income improved to the break-even point in 1Q05, from a loss of US\$ 1.3 million in 1Q04. EBITDA reached US\$ 1.2 million improving from US\$ 0.4 million in 1Q04. EBITDA margin reached 4% in the first quarter of 2005, from 1% obtained during the same period of 2004. Americatel is currently focused on its core 10-10-123 code and contract ILD services, combined with efficiency plans in order to increase margins and profitability.

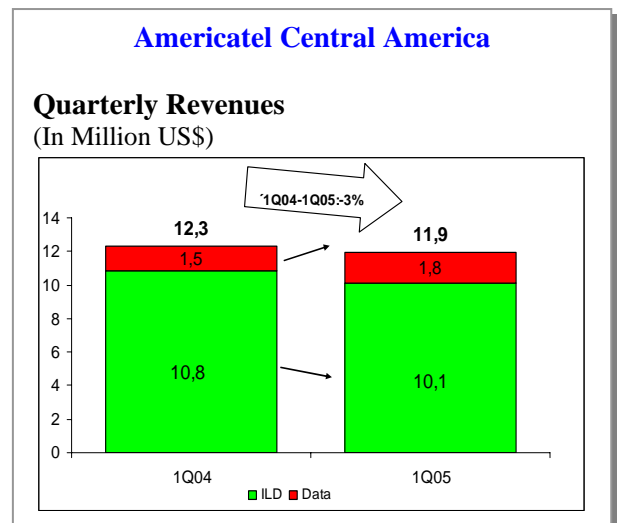


**Central America**

Revenues decreased 4% to US\$ 11.9 million during the first quarter of 2005, from US\$ 12.3 million in 1Q04, mainly explained by a 7% decline in ILD due to lower traffic, partially offset by an increase of 16% in Data services related to the MPLS/ IP Protocol new generation network.

Cost of operations and SG&A decreased 5% during the first quarter of 2005. Main reductions occurred in access charges and payments to correspondents, in line with lower traffic. Also reductions occurred in leased network capacity, salaries and other expenses.

As a result, operating income reached US\$ 0.9 million, up 10% compared to 1Q04, and EBITDA reached US\$1.5 million, 1% higher compared to the first quarter of 2004. These increases resulted mainly from lower SG&A in line with cost contention plans. EBITDA margin remained flat at 12% for both periods.



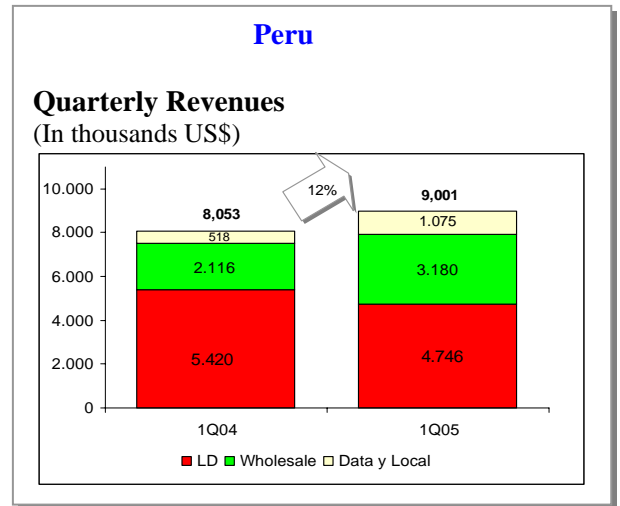
**Entel S.A.**  
**First Quarter 2005 Results**

**Peru**

Revenues for Americatel Peru increased 12%, to US\$ 9.0 million, from US\$ 8.1 million in the first quarter of 2004. This increase resulted mainly from a 107% higher data / local telephony revenues and long distance services related to wholesale traffic.

Costs and SG&A increased 6% mainly due to higher access charges and transportation costs, in line with higher volumes in the wholesale traffic. Partially offsetting this increase were lower salaries and advertising costs.

Americatel Peru's operating income reached US\$ 1.3 million this quarter, compared to US\$ 0.7 million for the same period of last year, growing 73%. EBITDA margin reached 16% in the first quarter of 2005, from 13% obtained during the same period of 2004.



**BALANCE SHEET**

**Consolidated Balance Sheet (unaudited)**  
(in millions of Chilean Pesos as of March 31, 2005)

	March-05	March-04	Var %
<b>Assets</b>	<b>1.164.608</b>	<b>1.231.441</b>	<b>-5%</b>
Current assets	330.936	367.000	-10%
Property, plant & equipment, net	747.981	768.872	-3%
Other assets	85.691	95.568	-10%
<b>Liabilities &amp; shareholders' equity</b>	<b>1.164.608</b>	<b>1.231.441</b>	<b>-5%</b>
Current liabilities	257.743	207.388	24%
Long-term liabilities	266.325	408.714	-35%
Minority interest	2.845	6.460	-56%
Shareholders' equity	637.695	608.878	5%

**Financial Indexes**

	March-05	March-04
Current assets/Current liabilities	1,28	1,77
EBITDA/Financial expenses	13,33	10,69
Financial debt/EBITDA*	1,63	1,97
Total liabilities/(equity + min. interest)	0,82	1,00

\*EBITDA last 12 months

Gross debt decreased 20% from Ch\$ 468.8 billion to Ch\$ 373.7 billion, mainly due to the 4.9% exchange rate decrease from March 2004 to March 2005 affecting the U.S. dollar-denominated debt as well as the debt payment of approximately CH\$ 84 billion during the period. Net debt (gross debt less cash and net receivables from hedging activities) reached Ch\$ 263.6 billion, 30% lower than in 1Q04, due to the significant generation of net cash. Liquidity is high and debt ratios continue to improve as a consequence of a reduction in interest-bearing debt.

**RECENT EVENTS**

- Telecom Italia closed the sale of its controlling ownership (54.76% stake of Entel) to Almendral S.A. for a total of US\$ 934 million, which represents US\$7.21 per share.
- On April 6 Entel's Annual Shareholder Meeting was held. New board members were elected, where six out of nine were appointed by the new controlling shareholders.
- A total dividend of Ch\$90 per share regarding 2004 profits was approved at the shareholders meeting, from which an interim dividend of Ch\$15 per share was paid in December 2004. The remaining Ch\$75 will be paid next April 19, 2005.
- The new shareholders confirmed Richard Büchi as Corporate CEO. Also appointed were Mr. Hernán Marió as General Manager of the Mobile business and Mr. Antonio Büchi as General Manager of the Chile Wireline business.

**Entel S.A.**  
**First Quarter 2005 Results**

- An extraordinary shareholders meeting was called for May 12th to approve the distribution of an extraordinary dividend of Ch\$ 770 per share to be financed through a combination of available cash, internal cash generation and new debt.
- On April 18<sup>th</sup>, the board of directors modified the Company's dividend policy, increasing it from 50% to 80% of the net income.

\* \* \* \*

**Company Description**

Empresa Nacional de Telecomunicaciones S.A. is the second-largest Telecommunications Company in Chile with Ch\$ 1,145,754\* million in assets and Ch\$ 686,945\* million in annual revenues reported in 2004. The Company provides mobile and long distance, local telephony, data and Internet services. With its strong Americatel brand acting as an umbrella for its well known "10-10-123" dial-around code, and pre-subscribed and prepaid ticket service, Entel has a presence in the United States Hispanic market. Entel also has operations in Central America, Peru and Venezuela. Entel is listed on the Chilean Stock Exchange (*Bolsa de Comercio de Santiago*) under the ticker symbol ENTEL and its headquarters are based in Santiago, Chile.

\*In Chilean pesos as of March 31, 2005.

**Individual Consolidated Results by Business Segment (unaudited)**  
(In millions of Chilean Pesos as of March 31, 2005)

	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>
<b>Mobile Telephony</b>			
<b>Revenues</b>	<b>102,133</b>	<b>85,334</b>	<b>20%</b>
- Service	90,119	77,580	16%
- Equipment	12,014	7,754	55%
<b>Cost of Operations</b>	<b>52,599</b>	<b>44,573</b>	<b>18%</b>
Selling and Administrative Expenses	23,824	20,445	17%
<b>Operating Income</b>	<b>25,710</b>	<b>20,315</b>	<b>27%</b>
Operating Margin	25%	24%	
<b>EBITDA</b>	<b>44,793</b>	<b>35,069</b>	<b>28%</b>
EBITDA Margin	44%	41%	
	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>
<b>ENTEL Parent Company (LD, Internet and Data Services)</b>			
<b>Revenues</b>	<b>56,080</b>	<b>60,820</b>	<b>-8%</b>
<b>Cost of Operations</b>	<b>27,114</b>	<b>26,074</b>	<b>4%</b>
Selling and Administrative Expenses	13,431	13,745	-2%
Depreciation and Amortization	12,968	13,929	-7%
<b>Operating Income</b>	<b>2,568</b>	<b>7,072</b>	<b>-64%</b>
Operating Margin	5%	12%	
<b>EBITDA</b>	<b>15,741</b>	<b>21,245</b>	<b>-26%</b>
EBITDA Margin	28%	35%	
	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>
<b>ENTEL Phone (local telephony + WLL)</b>			
<b>Revenues</b>	<b>8,996</b>	<b>9,470</b>	<b>-5%</b>
<b>Cost of Operations</b>	<b>7,851</b>	<b>7,502</b>	<b>5%</b>
Selling and Administrative Expenses	2,422	2,596	-7%
<b>Operating Income</b>	<b>-1,277</b>	<b>-628</b>	<b>-103%</b>
Operating Margin	-14%	-7%	
<b>EBITDA</b>	<b>2,065</b>	<b>2,301</b>	<b>-10%</b>
EBITDA Margin	23%	24%	

Entel S.A.  
First Quarter 2005 Results

**Individual Consolidated Results by Business Segment (unaudited)**  
(In thousands of U.S. dollars and millions of Chilean Pesos as of March 31, 2005)

	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>
<b>Americatel USA</b>	<b>(US\$)</b>	<b>(US\$)</b>		<b>(Ch\$)</b>	<b>(Ch\$)</b>	
Revenues	32,061	39,476	-19%	18,786	24,868	-24%
Cost of Operations	21,095	27,289	-23%	12,360	17,191	-28%
Selling & Administrative Expenses	10,956	13,468	-19%	6,419	8,484	-24%
<b>Operating Income</b>	<b>10</b>	<b>-1,280</b>	<b>101%</b>	<b>6</b>	<b>-806</b>	<b>101%</b>
Operating Margin	0%	-3%		0%	-3%	
<b>EBITDA</b>	<b>1,229</b>	<b>362</b>	<b>240%</b>	<b>720</b>	<b>228</b>	<b>216%</b>
EBITDA Margin	4%	1%		4%	1%	
	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>
<b>Americatel Central America</b>	<b>(US\$)</b>	<b>(US\$)</b>		<b>(Ch\$)</b>	<b>(Ch\$)</b>	
Revenues	11,870	12,339	-4%	6,955	7,772	-11%
Cost of Operations	9,757	10,175	-4%	5,717	6,409	-11%
Selling & Administrative Expenses	1,252	1,383	-9%	734	871	-16%
<b>Operating Income</b>	<b>860</b>	<b>781</b>	<b>10%</b>	<b>504</b>	<b>492</b>	<b>2%</b>
Operating Margin	7%	6%		7%	6%	
<b>EBITDA</b>	<b>1,463</b>	<b>1,453</b>	<b>1%</b>	<b>857</b>	<b>915</b>	<b>-6%</b>
EBITDA Margin	12%	12%		12%	12%	
	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>	<u>1Q05</u>	<u>1Q04</u>	<u>% Var.</u>
<b>Peru</b>	<b>(US\$)</b>	<b>(US\$)</b>		<b>(Ch\$)</b>	<b>(Ch\$)</b>	
Revenues	9,001	8,053	12%	5,274	5,073	4%
Cost of Operations	4,589	3,621	27%	2,689	2,281	18%
Selling & Administrative Expenses	3,142	3,699	-15%	1,841	2,330	-21%
<b>Operating Income</b>	<b>1,270</b>	<b>734</b>	<b>73%</b>	<b>744</b>	<b>462</b>	<b>61%</b>
Operating Margin	14%	9%		14%	9%	
<b>EBITDA</b>	<b>1,423</b>	<b>1,027</b>	<b>39%</b>	<b>834</b>	<b>647</b>	<b>29%</b>
EBITDA Margin	16%	13%		16%	13%	

- Any distortion in the figures is due to monetary exchange fluctuations.

Entel S.A.  
First Quarter 2005 Results

**Entel Group Consolidated Income Statement (unaudited)**  
(In thousands of Chilean Pesos as of March 31, 2005)

<b>INCOME STATEMENT</b>	<b>Mar-05</b>	<b>Mar-04</b>	<b>Var%</b>
<b>Operating Income</b>	<b>28.075.654</b>	<b>25.904.210</b>	<b>8%</b>
Net Revenue	181.004.144	173.876.561	
Operating Cost	(101.315.354)	(97.206.981)	
Gross Profit	79.688.790	76.669.580	
Selling & Administrative Expenses	(51.613.136)	(50.765.370)	
<b>Non-Operating Income</b>	<b>(4.049.058)</b>	<b>(7.734.049)</b>	<b>48%</b>
Financial income	1.431.273	933.830	
Other income	3.770.838	1.116.556	
Equity in losses of related companies	-	-	
Amortization of goodwill	(860.569)	(866.627)	
Financial expenses	(4.781.419)	(5.521.130)	
Other expenses	(1.891.103)	(3.171.331)	
Price-level restatement	(721.941)	(413.781)	
Exchange gain	(996.137)	188.434	
<b>Income before Tax</b>	<b>24.026.596</b>	<b>18.170.161</b>	<b>32%</b>
Income Tax	(4.961.078)	(3.768.951)	
Consolidated Net Income before Minority Interest	19.065.518	14.401.210	
Minority Interest	(31.181)	67.273	
Net Income (loss)	19.034.337	14.468.483	
Amortization of negative Goodwill	0	56.637	
<b>NET INCOME</b>	<b>19.034.337</b>	<b>14.525.120</b>	<b>31%</b>

Entel S.A.  
First Quarter 2005 Results

**Entel Group Consolidated Balance Sheet (unaudited)**  
(In thousands of Chilean Pesos as of March 31, 2005)

<b>ASSETS</b>	<b>Mar-05</b>	<b>Mar-04</b>	<b>Var%</b>
<b>Total current assets</b>	<b>330.936.230</b>	<b>366.999.770</b>	<b>-10%</b>
Cash	10.407.588	7.719.894	
Time deposits	106.698.577	89.096.894	
Marketable securities	408.427	1.868.381	
Trade accounts receivable, net	151.860.213	182.843.744	
Notes receivable, net	6.209.688	7.228.060	
Other accounts receivable, net	8.439.295	10.855.680	
Note and accounts receivable from related companies	-	377.317	
Inventories	12.168.547	8.566.079	
Recoverable taxes	2.753.136	12.890.083	
Prepaid expenses	6.919.626	11.568.419	
Deferred income taxes	9.127.831	16.005.582	
Other current assets	15.943.302	17.979.637	
<b>Total Property, Plant and Equipment</b>	<b>747.981.257</b>	<b>768.872.473</b>	<b>-3%</b>
Land	7.663.777	7.699.438	
Buildings and infrastructure	193.760.744	208.073.068	
Machinery and equipment	1.298.947.224	1.205.412.797	
Other fixed assets	196.423.654	186.733.291	
Accumulated depreciation	(948.814.142)	(839.046.121)	
<b>Total other assets</b>	<b>85.690.636</b>	<b>95.568.444</b>	<b>-10%</b>
Investments in related companies	-	-	
Investments in other companies	231.305	10.035.595	
Goodwill	49.521.678	53.209.162	
Negative Goodwill	-	(1.038.348)	
Long-term accounts receivable	7.461.730	7.575.827	
Intangibles	16.407.641	16.535.607	
Amortization of intangibles	(5.320.683)	(4.060.655)	
Others	17.388.965	13.311.256	
<b>TOTAL ASSETS</b>	<b>1.164.608.123</b>	<b>1.231.440.687</b>	<b>-5%</b>

Entel S.A.  
First Quarter 2005 Results

Entel Group Consolidated Balance Sheet (unaudited)  
(In thousands of Chilean Pesos as of March 31, 2005)

LIABILITIES AND SHAREHOLDERS EQUITY	Mar-05	Mar-04	Var%
<b>Total current liabilities</b>	<b>257.742.568</b>	<b>207.387.802</b>	<b>24%</b>
Short-term bank loans	4.399.399	6.345.680	
Current portion of long-term liabilities with banks and financial institutions	82.942.101	14.268.431	
Current portion of bonds payable	5.131.938	4.605.790	
Current portion of notes payable and other long-term liabilities	32.471.434	66.200.399	
Dividends payable	87.337	75.994	
Accounts payable	115.370.395	92.451.402	
Other accounts payables	4.966.571	7.654.498	
Notes and accounts payable to related companies	-	2.081.858	
Provisions	4.205.204	4.985.691	
Withholdings	4.886.561	3.478.871	
Unearned income	3.041.906	4.857.084	
Other current liabilities	239.722	382.104	
<b>Total long-term liabilities</b>	<b>266.325.098</b>	<b>408.714.273</b>	<b>-35%</b>
Due to banks and other financial institutions	105.467.400	201.590.726	
Bonds payable	133.036.130	134.569.909	
Notes payable	16.662.133	49.681.600	
Other accounts payables	-	-	
Long-term accrued expenses	4.835.350	7.002.585	
Long-term deferred income taxes	6.324.085	12.942.544	
Other long-term liabilities	-	2.926.909	
<b>Minority interest</b>	<b>2.844.968</b>	<b>6.460.465</b>	
<b>Total Shareholders</b>	<b>637.695.489</b>	<b>608.878.147</b>	<b>5%</b>
Paid-in capital	419.101.837	419.138.934	
Other Reserves	(2.939.288)	(1.863.600)	
Retained Earnings:	221.532.940	191.602.813	
Accumulated earnings	206.028.634	180.674.649	
Net Income (loss) for the period	19.034.337	14.525.120	
Provisional Dividend	(3.530.031)	(3.596.956)	
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>1.164.608.123</b>	<b>1.231.440.687</b>	<b>-5%</b>